

WASHINGTON OFFICE:
2266 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4155

DISTRICT OFFICE:
11717 BURT STREET, SUITE 106
OMAHA, NE 68154
(402) 397-9944
Talk2Lee@mail.house.gov
www.house.gov/terry



Lee Terry
Congress of the United States
House of Representatives
2nd District, Nebraska

August 20, 2014

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AUG 23 2014

FCC Mail Room

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20536

Dear Chairman Wheeler:

In many rural areas across the nation, broadband has become a vital means of communication, whether subscribers use it for job searches, to start up a business, or to connect with family and friends. Subscribers in many of these areas owe this capability in large part to the significant progress the Federal Communications Commission ("FCC" or "Commission") has in facilitating universal service support for broadband deployment through the Connect America Fund ("CAF").

Phase II of CAF ("CAF II") offers a tremendous opportunity to bring faster broadband connections to millions of Americans who are still unable to access this service. Thanks to the Commission's efforts, thousands of rural communities are now counting on CAF II. And because CAF II represents the final phase of Universal Service reform for these areas, its rules will determine how broadband support is distributed in these areas for years to come.

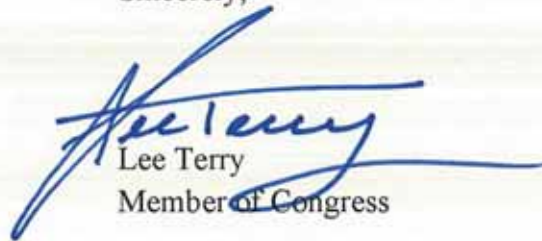
It is important to ensure that the final details of CAF II live up to its promise. We are concerned that if the Commission more than doubles speed requirements without allowing the appropriate level of flexibility in other elements of CAF II, the program's overall mission could be endangered. Increasing broadband speeds is not as simple as turning a dial.

We appreciate that the June 10 FNPRM identifies a number of constructive ideas that could provide this flexibility, while simultaneously ensuring faster broadband connections and staying within the CAF II annual budget. We urge the Commission to adopt some of these proposals.

First, when determining whether an area is “served,” the Commission should eventually count only services providing 10 Mbps speeds or higher rather than 4 Mbps. This would ensure that in making a determination whether an area is served, the Commission is considering existing services with characteristics that are comparable to those of CAF II recipients. Second, the Commission should also give providers the flexibility to use CAF support to build facilities to unserved consumers in partially served census blocks. When former Commission chairman Julius Genachowski visited Nebraska, he saw that residents of the small town of Liberty, Nebraska were able to access high speed broadband, but residents just a mile away were unable to access broadband. Many of those without access are located in the same census block in Gage County as those in Liberty who do have access. The fact that these residents are in the same census block as Liberty residents should not preclude the Commission from supporting deployment to them. Nonetheless, by allowing support for services to partial census blocks, the Commission should be mindful not to encourage CAF-supported overbuilding of other, comparable broadband services.

Despite years of federal efforts to overcome the digital divide, we still hear from Nebraskans decrying the lack of broadband service to their homes. The concerns they raise are a reminder of how challenging rural broadband investment is, but also how important it is. Thank you for considering our concerns, and we look forward to hearing back from you on this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lee Terry", with a long horizontal flourish extending to the right.

Lee Terry
Member of Congress



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 19, 2014

The Honorable Lee Terry
U.S. House of Representatives
2266 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Terry:

Thank you for your letter regarding the implementation of certain aspects of Phase II of the Connect America Fund (CAF II). In your letter, you express concerns that the overall mission of the CAF II program could be endangered if the Commission increases the current broadband speed benchmark for program recipients to 10 Mbps downstream /1 Mbps upstream without allowing flexibility in other elements of the program, as well as suggest several proposals to provide such flexibility. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

I agree with you that high-speed broadband access is an essential component for economic growth in rural communities. The universal service program is one of the most important tools at our disposal to ensure that consumers and businesses in rural America have the same opportunities as their urban and suburban counterparts to be active participants in the United States of the 21st century. We are focused on updating the universal service high-cost program to ensure that we are delivering the best possible voice and broadband experiences to rural America within the confines of our Connect America budget, while providing increased certainty and predictability for all carriers and a climate for increased broadband expansion.

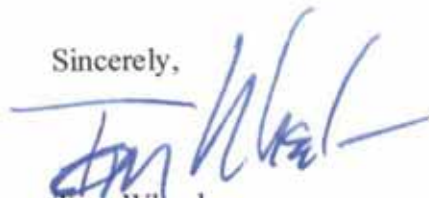
In April, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Phase II of the Connect America Fund for price-cap carriers. In addition, in an associated *Further Notice of Proposed Rulemaking (FNPRM)*, the Commission sought comment on a number of the issues you raise, including revising the current broadband performance obligations to require minimum speeds of 10 Mbps downstream, and applying the same performance obligations to all recipients of Phase II support and to rate-of-return carriers. The *FNPRM* also seeks comment on a proposal to allow CAF II recipients more flexibility in meeting their performance obligations, such as the ability to substitute locations in partially-served census blocks for locations in the unserved census block for which it received support. The record on these issues just closed and is under consideration by Commission staff.

We expect a robust record on these topics, and I welcome a dialogue with stakeholders about how best to accomplish our shared objectives. I look forward to working with you as we continue reforming and modernizing the universal service fund high-cost program – as well as other components of the Fund – to ensure that all Americans have access to robust voice and broadband services.

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I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,



Tom Wheeler